



Independent News & Media PLC

Independent House, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland
Telephone: +353.1.466 3200 Fax: +353.1.466 3222 Email: mail@inplc.com

Mr Alan Teixeira
Senior Project Manager
International Accounting Standards Board (IASB)
30 Cannon Street
London EC4M 6XH
United Kingdom

Letter of Comment No: 272
File Reference: 1204-001

27 October 2005

Exposure Draft of Proposed Amendments to IFRS 3 Business Combinations

Dear Mr Teixeira

In response to the IASB's invitation to provide comments on the Exposure Draft of Proposed Amendments to IFRS 3 Business Combinations, we have the following comment to make in respect of one of the questions raised by the IASB:

Question 7 – Do you agree that the costs that the acquirer incurs in connection with a business combination are not assets and should be excluded from the measurement of the consideration transferred for the acquiree? If not, why?

In assessing the merits of a proposed acquisition we take into account the level of acquisition-related costs that would be incurred in completing the acquisition and therefore we view these costs as part of the consideration transferred for the acquiree.

These acquisition-related costs will bring benefits to the acquirer over a significant number of years and therefore do represent an asset of the acquirer. While these costs represent an asset it is probably fair to assume that the value of the asset does decline over a number of years and therefore it is possible that the asset should be amortised over a period of time.

If such acquisition-related costs are not included as part of the consideration transferred for the acquiree then they will have to be expensed in the acquirer's Income Statement in the year of the acquisition. In our opinion, such accounting treatment does not give a true and fair view of the acquirer's income for that year as the benefits of the acquisition will arise over a number of years and therefore the costs of acquisition would not match the benefits. Also, the up-front expensing of acquisition-related costs could have serious EPS consequences for acquisitive companies.

Yours sincerely,

Donal Buggy
Chief Financial Officer